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UNCLAS SECTION 01 OF 02 HO CHI MINH CITY 000621

SIPDIS

State for EB/IPC:DRBEAN, EAP/BCLTV and EB/ODC
State also pass USTR Burcky/Alvarez and Bryan
State also pass to USPTO for Urban
State also pass to Library of Congress for Tepp
USDOC for 3132/OIO/EAP/Kelleher
USDOC also for 1431/MAC/AP/HPPHo
USDOC also for ITA/TD/OTEA/JJanicke and ITA/TD/SIF/CMuir

1E. O. 12958: N/A

TAGS: [ECON](#) [KIPR](#) [SOCI](#) [VM](#) [IPROP](#)

SUBJECT: HO CHI MINH CITY: COMPUTER RETAILING GETS MODERN - WITH
SAME OLD IPR PROBLEMS

1. Summary. On a visit to Ho Chi Minh City's newest Computer and IT superstore, ConGen EconOff, accompanied by a Vietnamese assistant, saw a local attempt at modern American-style computer retailing, but with the same old Vietnamese IPR problems. The computers assembled by the company and sold under the company's trademark (which it is trying to promote and protect) use unlicensed software. Some licensed software -- along with the usual assortment of pirated software -- is being offered for sale, however. End Summary.

2. EconOff and Vietnamese assistant visited the recently opened Ho Chi Minh City branch of Nguyen Hoang Informatics on July 8. The company, which was founded in 1999 and is Vietnamese-owned and operated, also has branches in Danang, Vung Tau, Dong Nai and Buon Ma Thuot. The store, whose opening was covered by the local press, bills itself as a computer superstore and is homegrown effort at modern computer retailing. Unlike many of the mom and pop stores that crowd electronics districts in Ho Chi Minh City, Nguyen Hoang has wide aisles, a full line of products on display, catalogues prominently displaying prices and specs, and full warranty service. Most notably, the store even has a Brand Manager who is trying to build the company trademark.

3. Nguyen Hoang Informatics sells pre-assembled computer units under the Nguyen Hoang trademark ranging in price from about \$335-1600. The store also sells units from Acer, Hewlett-Packard, and SingPC and laptops from Acer, Compaq, Toshiba, IBM, NEC and MacIntosh. Its catalog advertises other hardware accessories such as printers, scanners, speakers, and fax machines. The shop also carries a full range of computer peripherals. It is a licensed distributor for Intel. Both the store-branded products and the name-brand machines carry warranties.

4. If the shop is an example of modern retailing, it is definitely modernization Vietnamese style. This was revealed immediately when EconOff asked the company's brand manager, who was working the floor that morning, what software came loaded onto the pre-assembled units for sale. His response: "Whatever you want, we'll load it. No problem. You want Windows 2000? Windows ME? We've got it, I've got a disk in the back, I'll set it up for you." When asked whether those copies were licensed, he became very quiet, looked down at the floor, looked back up and said "Sure." Not surprisingly, however, the Microsoft country director later advised that while he was familiar with the store, to his knowledge none of the software loaded onto Nguyen Hoang's own brand computers is licensed.

5. EconOff observed several glass cases full of software in the store. Based on price and packaging, some of the software appeared to be licensed. The top of the line by far was a full-case display of AutoCad and AutoDesk promotional material, with each product priced at US \$3300. When asked why these products were so expensive, a store clerk smiled and replied "Because they are licensed. We have a license to sell this software." The clerk noted that she had not received any orders for it yet, and said that if they ever did receive an order they would request a copy from their distributor and it would take some time for the product to arrive. Elsewhere in the display case, however, Vietnamese licensed software, most of which was for English language study, was selling for between VND 50,000-120,000 (approximately US \$3.20-7.74).

6. The real bargains, however, were in another glass cabinet, where several pirated games, music CDs and software programs were displayed in cellophane packets. Among them were Microsoft 2000 operating system, Microsoft Millenium Edition operating system, and Microsoft Professional XP Suite -- all selling for VND 7500 (approximately fifty US cents).

7. Comment: It may be a positive sign that Ho Chi Minh City's first computer superstore has recognized the importance of developing and protecting trademarks -- specifically its own -- and offers at least some licensed software for sale. But what is worrisome is that "modern" computer retailing in HCMC still includes nurturing a generation of consumers who believe developing countries have a right to cheap prices. In a country where consumers are generally unwilling to pay for licensed

copies, it is not surprising that what Nguyen Hoang Informatics has loaded onto its computers and most of what it has in stock is pirated. This is standard Vietnamese observance of software IPR. In a separate conversation, Microsoft's company director noted that at HCMC's 8th "ComputerWorld Expo", virtually all of the computers on display were running on unlicensed software. Modern retailing or not, IPR protection has a long way to go in the IT industry here. End Comment.
YAMAUCHI